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U.S. SPYING RING HELD WRECKED

Counterintelligence Man Claimed by Hungary

BUDAPEST (AP) — Hungary claimed Tuesday it had a Hungarian counterintelligence man working for six years at the U.S. intelligence headquarters in Munich Germany, wrecking American intelligence operations in Hungary.

Identified under the cover name Peter Karsai by the Hungarian Communist party newspaper Nepszabadsag, the man was said to have risen to the rank of major in Munich, but returned to Hungary to avoid being unmasked.

The Nepszabadsag article did not say when Karsai worked in Munich or when he returned but it gave the impression that he escaped detection earlier this year. It said he and an aide in West Berlin, identified as Josef Feles, were awarded high decorations on their return.

MAN IDENTIFIED

According to the paper, Karsai's work at the American intelligence center in Munich not only enabled Hungarian counterintelligence to mop up what Nepszabadsag called "the U.S. espionage network in Hungary" but successfully thwarted the activities of the Hungarian section at the Munich headquarters and proved the undoing of the American intelligence operations chief in Hungary.

Nepszabadsag referred to the American chief as Steven Forrai, who was alleged to have been a Hungarian army officer before and during World War II, while working for American intelligence.

According to the paper, the Hungarians were delighted to find in Karsai a man who had been a junior officer during World War II in the unit commanded by Forrai.

CLEARING HOUSE

Karsai, the paper claimed, first worked for the police in Hungary and was subsequently transferred to the Hungarian counterintelligence service before he received the assignment in Munich.

The paper explained Karsai worked through Feles, who ran a taxconsultants office in West Berlin, used by the Hungarians as a clearing house of information.

The operation to track down the alleged American intelligence chief in Hungary was begun, according to Nepszabadsag, when three U.S. agents were caught in Hungary and their confessions pointed to a Hungarian-born U.S. major as the man masterminding U.S. intelligence operations in Hungary.

His existence was later confirmed by another Hungarian who volunteered information after returning from the West where an alleged attempt had been made to recruit him for intelligence work, the paper said.